

these costs and filing requirements, they were temporarily exempted from the regulatory burdens of section 404 to give them time to prepare. This exemption was last extended now through 2007 so that the SEC and the PCAOB could finalize their revised guidelines to management and new standards to the auditors. So while I am commend the SEC and the PCAOB in trying to improve the implementation of 404, it still remains unclear whether these revisions make it possible for small businesses to comply without suffering dire economic consequences.

Furthermore, it is unfair to make our small businesses comply with new regulations that are being finalized and adopted halfway through this year for which these small businesses are supposed to report.

So I offer this amendment today to extend the exemption for small businesses to comply with section 404. The amendment will prohibit the SEC from forcing small businesses to comply with section 404(a) for fiscal year 2008.

There is just too much evidence out there that small companies are not going public or are doing so overseas because of the onerous burdens of section 404, and this amendment will address that. It is essential that we do not add to the overly burdensome new costs on our Nation's small businesses, especially while new auditing standards are still being revised and finalized.

So by delaying the requirements for 1 year, and that is all, we are giving our small businesses more time to ensure that they are not unfairly hurt, without jeopardizing the accountability goals of the original SO_x legislation.

Mr. Chairman, I include for the RECORD The National Taxpayer Unions Vote Alert in support of this amendment that is on the floor today, along with a letter from the Property Casualty Insurers Association of America.

NATIONAL TAXPAYERS UNION,
June 27, 2007.

NATIONAL TAXPAYERS UNION VOTE ALERT

NTU urges all Members to vote "YES" on an amendment by Representative Scott Garrett (R-NJ) to H.R. 2829, the Financial Services Appropriations Bill. This amendment would extend the moratorium on small business compliance under Section 404 of the Public Company Accounting Reform and Investor Protection Act, also known as the Sarbanes-Oxley Act. Shielding small businesses from crushing regulations brought on by Sarbanes-Oxley is an important step in protecting a vital source of economic growth. A "YES" vote, in support of easing the burden on small businesses, will be significantly weighted in our annual Rating of Congress.

U.S. CHAMBER OF COMMERCE,
June 27, 2007.

Members of the U.S. House of Representatives: The U.S. Chamber of Commerce, the world's largest business federation representing more than three million businesses and organizations of every size, sector, and region, urges you to support the Garrett-Feeney amendment to H.R. 2829 the "Financial Services and General Government Appropriations Act, 2008." This amendment

would extend the current moratorium for Section 404 compliance for small businesses through FY2008.

While the Chamber supports effective internal controls and the intent of Sarbanes-Oxley, the Chamber strongly believes smaller companies should not have to bear the disproportionately burdensome costs of Section 404 until the implementation of Section 404 has been fixed.

The Garrett-Feeney amendment would delay compliance for smaller public companies until the new standards have been adopted and tested for a full year's worth of experience for larger companies. Failure to pass the amendment would seriously undermine the cost-cutting objectives of the new standards.

Companies, auditors, and regulators will need at least a full year's experience to know if the Securities and Exchange Commission and Public Company Accounting Oversight Board's efforts to fix Section 404 implementation are working or if additional corrections are needed.

The Chamber strongly urges you to protect small businesses from being unfairly and disproportionately disadvantaged by voting for the Garrett-Feeney amendment to the Financial Services and General Government Appropriations Act, 2008. The Chamber may consider votes on, or in relation to, this issue in our annual How They Voted scorecard.

Sincerely,

R. BRUCE JOSTEN.

PROPERTY CASUALTY INSURERS
ASSOCIATION OF AMERICA,
Des Plaines, IL, June 27, 2007.

Hon. SCOTT GARRETT,
House of Representatives,
Washington, DC

DEAR MR. GARRETT: The Property Casualty Insurers Association of America (PCI) thanks you for introducing your amendment to H.R. 2829, the Financial Services and General Governmental Appropriations Bill, 2008, that would extend for another year the amount of time that smaller public companies have to comply with Section 404 of the Sarbanes-Oxley Act of 2002. PCI represents the broadest cross-section of insurers of any national property/casualty trade association, with over 1000 members writing over \$194 billion in direct written premium annually, over 40 percent of the nation's property/casualty insurance.

PCI supports strong corporate governance for all corporations. Since the Sarbanes-Oxley Act became law, however, it has become clear that the overbroad way in which Section 404 was implemented has been a major competitive disadvantage for U.S. corporations. We believe that the costs of compliance with Section 404 must continue to be reduced for all publicly-traded insurance companies, including the small-to-medium sized insurers to which your amendment applies.

PCI congratulates you for taking the lead on this important issue, and we look forward to working with you to lessen the burden of Section 404 compliance for smaller public businesses.

Sincerely,

STEPHEN W. BROADIE.

With that, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I claim the time in opposition.

The Acting CHAIRMAN. The gentleman from Massachusetts is recognized for 5 minutes.

Mr. FRANK of Massachusetts. Mr. Chairman, might I inquire, who has the right to close?

The Acting CHAIRMAN. The Chair would advise the gentleman that the gentleman from New Jersey has the right to close. The gentleman from Massachusetts is not a member of the committee.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, sic transit gloria Oxley. Mike Oxley, my Republican predecessor, is barely gone, when one of his great works is being trashed by his former colleagues.

Indeed, as I look at this assault, the gentleman from New Jersey started out talking about small business, but small business clearly appeared to be the stalking horse here. He talked about the New York Stock Exchange. They don't deal with small business. He talked about Sarbanes-Oxley in very negative terms broadly. His complaint is not about small business, but about Sarbanes-Oxley in general. If you analyze what the gentleman said, it was an assault on Sarbanes-Oxley.

Now, Sarbanes-Oxley was passed by a Republican House and a Democratic Senate. It was signed and claimed as a great triumph by our Republican President, George Bush.

I am sad for President Bush. No Child Left Behind, Sarbanes-Oxley, immigration, Medicare part D, even the war in Iraq. Mr. Chairman, are there no Bush policies left that can escape the assault of the Republican Party? I am inclined to think that there are only two Bush policies left that command strong support on the Republican side: illegal wiretapping and torture. Everything else they appear to have abandoned.

In fact, 10 days ago, the Secretary of the Treasury, Secretary Paulson, explicitly disagreed with the gentleman from New Jersey on the need for this amendment and said, no, we don't want to do this now. This is working.

What is working is a couple of days ago the Chairman of the Securities and Exchange Commission, our former colleague Mr. Cox, said, we don't need legislation. We are in the process of changing this. All five of the Commissioners appeared, and none of them asked us for legislation. Mr. Cox specifically said it is not needed.

This is a vote of no confidence in Chris Cox and the SEC. They have said, yes, we should change this. We have more time. It is in a deferment period, and the SEC is in the process, along with the Public Company Accounting Oversight Board, of winding this down, of making it easier.

Mr. Cox was asked just yesterday, well, what is this going to cost small business? He said, we don't know yet, because we are changing it already for the big businesses that have to pay. But we are going to look at that, and we will make adjustments.

So Chris Cox, on behalf of a unanimous SEC, three Republicans, two Democrats, along with the Republican Secretary of the Treasury Mr. PAULSON, says we are fixing this. Please do not at this point legislate.